

Entrepreneur of the Month

Shane Mayes, Onshore Technology Services, Inc.

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Rural Missourian keeps Tech Jobs Onshore

Co-workers at his former job referred to Shane Mayes as the “prince of darkness.”

Employed by Elsevier, a world-renowned scientific publisher, Mayes responsibilities included offshore software development. The company instructed him to reduce overall technology costs by exporting workload to India.

“But each time I executed an offshore work project that meant more Americans were being displaced from their jobs,” Mayes said. “So I decided to do something to reverse the trend.”

What Mayes did is unprecedented in the business world. He started a high-tech firm in small-town Macon, Missouri. Onshore Technology, Inc. has a goal of training and employing residents of rural America.

By 2015, 3.3 million U.S. jobs will have moved offshore, according to Forrester Research. At the same time, rural America suffers from economic turmoil and job loss on a large scale.

Mayes has high hopes in expanding his business to employ thousands of rural Missourians with a model that could be replicated across the U.S. countryside.

What they do at Onshore

A diversified tech company, Onshore provides a variety of services and solutions for small and large businesses.

In addition to consulting on global sourcing and IT portfolio management, Onshore also provides support, testing and development.

For example, Mayes describes one of their technologies in a press release on his website: *We’re particularly excited about the upcoming launch of a new portable medical records application named MedRecsToGo. The system empowers the individual consumer by giving them easy access to their patient health record (PHR). It runs entirely on a portable USB device that attaches to your key chain. By providing individual access to medical information such as demographics, medication history, allergies, medical conditions, doctors, insurance carriers, etc., physicians and emergency first-responders can reduce medical errors and save lives.*

And Onshore provides data warehousing, special help for small businesses, e-commerce solutions, customer relationship management and education for clients.

What makes Onshore unique in its field is Mayes’ choice to hire from his local area – what he calls Rural Outsourcing.

According to the Onshore website, “Rural Outsourcing is America's answer to globalization and the preferred method of containing software development costs, improving technology throughput and creating American jobs.”

Mayes has estimated a number of advantages in rural outsourcing, including cost containment, speed of delivery, risk mitigation and security.

Mayes asserts that cost of labor, recruitment costs, overhead expense, and training costs are substantially lower than competitors. Onshore also claims to beat competitors’ time-to-market for products with a local workforce. They are a local presence unencumbered from the risk factors affecting offshore competitors. And offshore outsourced jobs adhere to offshore laws, whereas Onshore can offer the security of Copyright Protection, Privacy Laws and other measures of safety.

How Onshore Landed in Rural Missouri

According to Mayes, workers in Eastern countries are hungry for jobs and willing to work long hours for little compensation in order to better their lives.

“There are billions of people in India and China and other places around the world willing to work for little pay,” Mayes said. “And with technology, they might as well be right next door to us.”

Specializing in web development, application integration and IT support and education, Onshore needed high-tech employees. His decision to buck the trend of finding low-cost offshore labor was social – and personal.

Mayes said he always wanted to live in a rural area. His wife was starting medical school when she decided she wanted to move to Kirksville, Mo. Mayes looked into starting his business in that small town, “but they were looking for highly capitalized businesses,” he said. “I had a great idea but no money.”

So he looked a little south to Macon.

“I visited with officials in the city and they simply looked at me and said, ‘We’ll get it done,’” Mayes said. He immediately got a loan from the city’s revolving loan fund.

“The people in Macon had a great attitude and welcomed us with open arms,” Mayes said. “Frank Withrow, the Macon County economic development director, and the whole community decided to take a chance on us and everything came together.”

Mayes found that fiber optic lines in the town to be another advantage in setting up his high-tech firm.

Withrow also helped Mayes coordinate community and state resources, including working with Macon County Economic Development, the Missouri Department of Economic Development, the Division of Workforce development, the Northeast Missouri Workforce Investment Board, the Mark Twain Regional Council of Governments and Gamm, Inc. These partners helped Mayes secure more than \$300,000 in grant funding for a new software development education program at the Macon Area Vocational-Technical School.

Educating rural residents for employment at his firm was Mayes’ biggest challenge.

“My thinking was, there are bright people here and they can learn,” he said.

So Mayes originated a training “boot camp” to offer a rigorous orientation. Attendees were prescreened for suitability to the IT work environment. Those who passed initial evaluation then attended an aggressive training session, working up to 16 hours each day.

“We looked at it as a life-changing event,” Mayes said.

When the training program moved to the Technical School, the boot camp stretched to 12 weeks and daily hours were cut a bit.

With 20 current employees, having added 16 in 2006, Mayes business continues to have a positive impact on Macon’s economy and is contributing to the economic revitalization of the

northeast Missouri region. Onshore has also provided technology applications to several local start-up businesses and to some well-established firms.

Macon County Economic Development Director Frank Withrow said, "Since each dollar invested by Onshore turns over at least 7 times, Onshore's total economic impact to Northeast Missouri is over \$7 million. Onshore's employees are spending their money in Macon and the surrounding areas. But the most important thing is that we've given our young professionals a reason to stay in their hometown. This is what has me optimistic about a bright future for our region."

Overcoming Obstacles to a Bright Future for Rural Missouri

At first, Onshore was only procuring small projects and Mayes saw quite a bit of employee turnover. Times were tough and Mayes said there was a point when he couldn't sleep at night, worrying about how he would improve cash flow and retain the ability to compensate his employees well.

"At one point when we were starved for cash, I gave up a majority of stake in the company. We almost closed," Mayes said. "The whole process was very difficult."

Mayes describes one day when he wasn't sure he'd open his doors for business the next day. He was scheduled to speak to a group of high school students that same day.

"I realized that succeeding in this business wasn't just about me," he said. "All of the kids and spouses and dreams of employees depended on this business. It's not just about the entrepreneur but also the community. If it were just me, I would have caved in to failure."

But with long hours, hard work and a lot of faith, Mayes didn't cave.

He picked up more and larger clients and was able to re-acquire the stake he gave up.

"Now we're running a million-dollar company and working on long-term projects of \$250,000 or more," Mayes said, adding that the company moved from a leaky-roofed place downtown Macon to a new building, and they expect to double in size in the next 6 to 8 months.

All businesses face obstacles, and Mayes still has his share.

While Macon has a strong fiber optic system, Mayes said in his industry, telecommunication infrastructure needs continual upgrades. He is actively working with the city to get what he needs to host data on a massive scale.

Recruiting rural residents can still pose problems, although there are an increasing number of people willing to re-locate to a rural setting, Mayes said.

But Mayes continues to plow ahead with big plans.

He added, "We aim to employ thousands of rural Missourians."

-By Lisa Bauer, 07/07

For more information on...

... the Center for Rural Entrepreneurship, go to www.energizingentrepreneurs.org

... Onshore Technology Services, Inc., go to www.onshoretechnology.com